



Department of Justice

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JUSTICE DEPARTMENT ADVISES FCC ON SBC'S PENDING APPLICATION TO PROVIDE LONG DISTANCE SERVICE IN MISSOURI

FCC Should Independently Review Prices that SBC Charges its Competitors in Missouri

WASHINGTON, D.C. -- The Department of Justice today advised the Federal Communications Commission (FCC) about competitive concerns arising from the application by SBC Communications Inc. to provide long distance services in Missouri. The Department said that the FCC should independently review the prices SBC charges its competitors for the use of elements of its network, such as local telephone lines, to ensure that these prices are appropriately cost-based.

The Department provided its competitive analysis today in an evaluation filed at the FCC, under section 271 of the Telecommunications Act. The Department observed that many of the prices charged by SBC for the use of "unbundled network elements" were significantly higher in Missouri than in Kansas, Oklahoma, and Texas. That fact, along with the limited use of those elements by competitors, and indications that the Missouri prices might not be based on forward looking costs, led the Department to recommend an independent review of these prices by the FCC.

In addition, the Department raised concerns pertaining to SBC's resale of advanced services, including digital subscriber line, or DSL, services used for high-speed Internet access, and urged the FCC to further investigate whether SBC is in compliance with its resale obligations.

Since the break-up of the integrated Bell system as part of the AT&T divestiture, the independent Bell Operating Companies, or BOCs, have been barred from providing long distance services in their respective regions, first as part of the divestiture decree, and now under the terms of the Telecommunications Act of 1996. Under section 271 of the Act, a BOC, such as SBC, may not provide in-region long distance services until it demonstrates to the FCC that it has met a variety of legal requirements designed to open the local telephone markets in a particular state to competition.

In considering whether to approve a BOC's application for long distance authority in a particular state, the FCC must consult with the Department of Justice and give "substantial weight" to its assessment of competitive conditions in a market and whether the BOC should be allowed to provide in-region long distance service.

SBC filed its application with the FCC on April 4, 2001. Under the terms of the Act, the FCC must approve or deny the application within 90 days.

A copy of the Department's Evaluation will be available at:

<<http://www.usdoj.gov/atr/public/comments/sec271/sec271.htm>>

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